

CALIFORNIA HIGH-SPEED RAIL AUTHORITY MEETING MINUTES

**March 18, 1998
Secretary of State, Sacramento, California**

Authority Members:

Edward G. Jordan, Chair

Edward P. Graveline, Vice-Chair

Mehdi Morshed

T.J. (Tom) Stapleton

Michael E. Tennenbaum

Dr. Ernest Bates

Jerry B. Epstein

Dean R. Florez

John P. Fowler

OPENING REMARKS

Chairman Jordan called the meeting to order and he welcomed his fellow Authority members and the audience, he noted that Member Florez would be arriving late and Member Tennenbaum would not be attendance for the first day, but will be participating in the second day. The Chairman gave a brief overview of the format of the first day of the two day meeting, stating that the first day would be conducted in a round-table format allowing the members and the experts the opportunity to discuss the former Commission work and the work the Authority has before them.

A Lengthy discussion followed regarding the Commission's work. Each area of the technical study, ridership, corridor evaluation, financing and economic impact, were covered. The following are some highlights from the discussion.

DAN BRAND, CHARLES RIVER ASSOCIATES (CRA)

Mr. Brand reported on the ridership studies done by CRA for the Commission. Mr. Brand fielded questions from the Authority members regarding the methodology and results of the ridership study. The following are some of the key points made by Mr. Brand:

- "Investment quality forecasts" are based on very substantial and very expensive data collection to come up with existing travel patterns and to come up with relationships that provide sensible estimates of the percentage of each existing mode of transportation and the percentages of these trips that are diverted to HSR.
- Travel distances between 150 to 500 miles is the "window of opportunity for HSR". Anything less than 150 miles the auto is the dominant carrier, whereas over 500 miles the airplane becomes the mode of choice based on the study models.
- Fresno, Stockton and Modesto are underserved by air service, either it doesn't exist or it is very expensive. If there were a HSR common carrier mode that was relatively inexpensive, the benefits to the riders and the local populations would be very significant.
- Before selling bonds on the basis of freight revenue there needs to be serious dealing with the small package delivery services.

PAUL TAYLOR, KAKU ASSOCIATES

KIP FIELD, PARSONS, BRINKERHOFF, QUADE & DOUGLAS, INC.

Mr. Taylor reported on the advantages and disadvantages of steel wheel versus Maglev. Mr. Taylor and Mr. Field discussed the route alignment:

Steel Wheel vs. MagLev

- Steel Wheel is a proven technology, with a known construction cost. MagLev is a little bit “elusive”, it looks similar to a monorail, and the costs are more speculative than Steel Wheel. There are seven components of the costs of building either the Steel Wheel or Maglev. Many of the costs are the same, i.e. earthwork. The variance is in the track, guideway and the vehicle cost.
- The performance in actual revenue service experience is known in Steel Wheel.
- The “bottom-line” on Steel Wheel versus Maglev is that one has an extensive history, and the other has a very bright future. “The Commission expressed a sense that steel wheel is the likely technology today, is that more is known about steel wheel, and we want to take as few risks as possible with the public trust as we can.”
- Steel Wheel maximum grade is 5% whereas MagLev grade could exceed 10% (but that is not recommended for the comfort of the passenger).

Route Alignment

- Based on extensive study for the Commission it was determined that the Northern mountain entrance should be the Altamont Pass, this route was the least expensive and it better served the upper valley.
- The Antelope Valley alignment for crossing the Tehachapi Mountains was made to serve a larger population base, not necessarily the best economic interest.

KEITH CURRY, PUBLIC FINANCIAL MANAGEMENT, INC.

GEOFFREY YAREMA, GUNTHER, KNOX & ELLIOTT

Mr. Curry and Mr. Yarema presented information on the Financial Plan prepared for the Commission.

- You have to have a plan that the Public Private partnership leverages the best and most effective cost and capital for both parties. It should involve state and local government in partnership.
- Funding Plan design includes 1) base funding, 2) major secondary funding and 3) supplemental funding.
- A 30 year - Quarter cent statewide sales tax increase could serve as the base funding source.
- Either a Design-build or Design-build-operate-maintain model could be for project development - having the latter will make the contractor accountable.

BILL LEE, ERA & ASSOCIATES

Mr. Lee presented information on the Economic Impact Study prepared for the Commission.

- Cost benefit analysis - the benefits outweigh the costs by 30 percent.
- The Remi Model indicated three major variable that had an impact on the California economy; 1) Construction of the system, jobs, 2) Operations, and 3) Competitiveness, opens up new areas for development and lowers housing costs.

PUBLIC COMMENT

Neil Cummings

Mr. Cummings addressed the Authority regarding the considering imposing an half cent sales tax to cover the cost of the project.

Albert Perdon, Sverdrup Civil, Inc.

Mr. Perdon addressed the Authority regarding the phasing in of the tax increase.

John Shields

Mr. Shields commented on the local passenger rail group being less than enthusiastic regarding the HSR project.

Seeing no other comments, the Chair adjourned the meeting until March 19 at 9:00 a.m..

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**March 19, 1998
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OPENING REMARKS

Chairman Jordan opened the second day by recapping the events from the previous day and by welcoming members Florez and Tennenbaum who were not present on the previous day.

JANUARY 21ST & 22ND - MEETING MINUTE APPROVAL

Member Stapleton moved to approve the January 21st and 22nd meeting minutes. Member Epstein seconded and the minutes were unanimously approved.

CAMBRIDGE SYSTEMATICS, INC.

Chairman Jordan gave a brief introduction of Steve Pickrell, Vice President of Cambridge Systematics, Inc.

STEVE PICKRELL

Mr. Pickrell presented to the Authority the Draft Report of the "High-Speed Rail Authority Strategic Planning Process". This presentation was based upon the Executive Summary of that report.

- Mission Statement
No comments.
- Role of Authority Members
Chairman Jordan made the comment that the success of the Authority depended largely on the active participation of all the members. Member Epstein commented that all of the Authority members need to be kept informed and should have direct contact with the Executive Director. Member Morshed stated that role of the Members should be very proactive however, in terms of "day-to-day" operational process you still need to have some delegation to somebody to do the work once the Authority has taken action. He went on to state that everything the staff does or will do is directed initially by the Authority's decisions and certain policy directions and ideas. Mr. Pickrell added that the Authority, as a body, should provide direction, and as necessary, the Chair should work with the Executive Director to clarify or amplify as needed.
- Role of Chair and Vice Chair
Mr. Pickrell discussed the election of the Chair and Vice-Chair at the November Public Meeting and the fact that they did not set a term on those appointments. Member Epstein commented that the Authority had elected the Chairman Jordan based on his vast experience and due to the relatively short lead time that the term of these appointments should last through the year 2000. Member Morshed agreed with Member Epstein's recommendation.

Mr. Pickrell went on to discuss the role of the Chair and Vice-Chair. Member Fowler inquired whether or not there were any formal resolutions the Authority would adopt. Chairman Jordan responded that the Authority would hear the issues at this meeting and vote on them at the next scheduled meeting. Chairman Jordan introduced George Spanos from the Attorney Generals Office. Member Morshed asked Mr. Spanos whether they needed a formal procedure to take action for the Authority and make sure that it is properly recorded. He stated in terms of record

keeping and making sure we are all legal, “most boards and commissions I’ve watched usually make most of the decisions in the form of a resolution that is prepared in writing and then they vote on it”. Mr. Spanos stated that the Authority will not take action on items that are not already on the agenda. He added that one of the functions of staff can be to prepare the proposed resolutions that will be presented, which can be amended at the meeting. Mr. Spanos stated that the Authority might want to consider adopting something similar to what the California Transportation Commission does to the extent that it suit the Authority’s purpose. He added there are no formal requirements for a resolution however, the action items should be clearly stated on the agenda and a motion is made that comes within the description of the agenda, and it is reported in the minutes should satisfy the legal concern. Member Morshed stated that he raised this issue because after the first or second meeting, someone called him and asked if the Authority had taken action on an item because the minutes did not reflect the form of the action or whether the Authority had voted. He recommended that if the Authority is going to take action on an item that it should be in the form of a written resolution. Chairman Jordan inquired whether these resolutions would be provided to the members. Member Morshed stated that they should also be provided to the public so they know what the Authority is doing and what we are voting on. Member Florez questioned whether the Authority was going to adopt the draft report as a whole or are they going to, as suggested by Member Morshed, bring forward each separate policy resolution and take formal votes on those. Chairman Jordan stated that the Authority should view the Draft Report as guideline and those items requiring specific action would be formalized in a resolution format and voted on at the next Authority meeting.

- Role of Executive Director

Member Tennenbaum suggested that the Authority’s stakeholders be solicited for suitable candidates, and possibly hiring a consultant to search for an Executive Director should be considered. Member Tennenbaum suggested the possibility of hiring an individual that could carry through the funding measure and go on with the operation and construction. Mr. Pickrell stated that by offering a longer-term position that the Authority might attract a different set of candidates. Chairman Jordan stated that that is an option at this point, not necessarily a direction.

Member Florez stated that in order to stay on the Cambridge Systematics timeline the Authority should form a sub-committee in order to make a decision within the next two Public Meetings. Member Fowler inquired whether or not the sub-committee can meet in closed session. Chairman Jordan stated that this was a personnel matter and the Authority could meet in executive or closed session. Mr. Spanos concurred with Chairman Jordan that indeed the sub-committee can meet in closed session to discuss personnel matters. Member Morshed asked if the sub-committee could meet to discuss the candidates without the candidates being present. Mr. Spanos stated that that was permissible. Member Epstein asked how many members can participate in the sub-committee. Mr. Spanos stated that seeing though this was a personnel issue that the entire Authority could meet to discuss the matter. Member Tennenbaum stated that there was no need for a sub-committee then. Chairman Jordan stated that it would be difficult for all nine Authority members to review and evaluate all of the candidates, therefore he recommended a sub-committee for the screening of the candidates for the Executive Director position.

Member Florez pointed out the report stated the Executive Director would “differ to elected officials” he questioned the role the Executive Director would have with regional transportation authority’s, which are semi-elected. Mr. Pickrell responded that the Authority members have the ability and responsibility to meet with key public officials or other opinion leaders, from

industry, business, academia, and help mobilize the groups that those people represent and really leverage the Authority's expertise and credibility. The candidate the Authority hires, based on the experience and skills that person brings to the team, should meet with officials throughout the corridor to help with the educational and informational process. Member Florez commented the points mentioned in the report should be considered as criteria when evaluating candidates. He stressed the importance of looking for a candidate that had a strong rapport with local and state agency's be it through the legislative process or through personal relationships. Chairman Jordan commented the members are the spokespeople on the public side and the Executive Director is managing the process and engaging with the professionals.

- Staffing and Consulting Needs

Member Fowler commented that the Chairman, Executive Director, and the Public Outreach consultant team will need to coordinate the message so all members will be on the same page. Member Graveline stated that there was discussion regarding the Public Outreach consultant developing speaking points on a regular basis, and updating the Authority.

- Meeting Dates and Field Trips

Mr. Pickrell suggested that the Authority set a schedule to meet on a monthly basis, alternating between Northern and Southern California. He also recommended that the Authority plan their field trip to Europe in September or October and should consider having a non-profit organization prepare a travel itinerary. Member Epstein commented that in-fact the Authority should obtain professional assistance for their travel, however, the suggestion of having a non-profit organization organize the field trips could pose a conflict of interest if this non-profit organization was compensated by individuals or organizations that might receive a contract for HSR.

Member Tennenbaum proposed that the International trips taken by the Authority fully disclose the funding and cost of those trips in a public forum and the planning of these trips will be done in the nature to minimize the cost to the public. This motion was seconded by Member Epstein, however legal counsel, George Spanos, conferred with the Chair and it was determined they would remove the motion until further research could be done regarding this subject.

- Strategic Plan Report

Chairman Jordan commented that this is a work in progress and will evolve over time. Member Morshed motioned to accept the report as a guideline toward the Authority's action for the next two years, recognizing it is a guideline and it could change, and also recognizing that the Authority would have to authorize and act separately on specific items. Member Tennenbaum seconded and the Authority unanimously approved the motion.

ADMINISTRATIVE ISSUES

Conflict of Interest Code

Interim Executive Director (Dan Leavitt) presented to the Authority the draft Conflict of Interest Code and the Notice of Intent to Adopt the Conflict of Interest Code stating that the Fair Political Practices Commission would be making a presentation regarding the Code.

Meeting Dates and Locations

The Chair went on to discuss the next meeting date and location. Based on staff polling of the members April 29th was the only date that all the members, with the exception for Member Stapleton, could attend. Vice-Chair Graveline suggested that the next Authority meeting be held in Central California, specifically Fresno. Member Florez agreed that the next meeting should be held in the Central Valley, however, he

suggested Bakersfield. Member Morshed agreed that Bakersfield would be a good choice for the next meeting. Chairman Jordan directed staff to research the meeting facilities in the Central Valley.

Member Morshed inquired whether or not the Authority was prepared to discuss the schedule of meeting for the following months, suggesting the fourth Thursday of every month. Chairman Jordan requested that the Authority staff to set a schedule for monthly meetings going through the end of this year and into the next.

OTHER AUTHORITY ISSUES

Status of Public Outreach RFP

Mr. Leavitt discussed the status of the Public Outreach RFP that was approved at the January 21st and 22nd Authority meeting. He stated that with considerable effort from Members Epstein and Florez, John Barna, Deputy Secretary of Transportation, Business, Transportation and Housing Agency, Mike Smith, an Attorney and former Deputy Director for the Department of General Services, Kathleen Yates, Contracts Attorney, Department of General Services and George Spanos from the Attorney Generals Office a draft RFP was prepared and issued on February 3rd to those firms that expressed an interest. The final RFP was released February 25th with the deadline for the proposals of March 27th. There was considerable interest in the RFP, as of March 17th 80 firms had requested the RFP.

Chairman Jordan stated that it came to his attention through members of the legislature, there were rumors regarding the decision to select a contractor was not necessarily an open decision. He reassured all the members of the Authority and the members of the Public that this certainly was not the case.

Member Florez commented that he enjoyed working with Member Epstein and Mr. Leavitt on the drafting of the RFP, however he is running for public office, and he might be looking at some of the potential firms, therefore he recused himself from the evaluation committee and suggested that other members consider the role they wish to play in the next phase. Chairman Jordan accepted Member Florez's withdrawal and agreed that the selection of the evaluation team was an issue that needed to be addressed.

Mr. Leavitt suggested that the Authority make a final selection at the next Authority meeting, even though the RFP's would be evaluated by a sub-committee the Authority would still need to approve the committees recommendation. Member Epstein inquired whether that sub-committee could have more than two members. Mr. Spanos replied that under these circumstances this does not fall under any of the exceptions to the closed session requirement. Member Epstein asked if the oral interviews could be conducted during a Public Meeting. Mr. Spanos stated that under the open meeting laws they could be. Member Epstein suggested an interim meeting before the next meeting were those Authority members that can be present can evaluate the proposals. Chairman Jordan stated that this would cause a problem because they might not have a quorum. Member Tennenbaum inquired whether or not they could participate by phone. Mr. Spanos replied that there is a provision for teleconferencing. Member Morshed commented that candidates might not be open to giving their presentation in a public setting.

To assist the members in understanding the evaluation Chairman Jordan asked Mr. Leavitt to explain the scoring and evaluation process. Mr. Leavitt stated that the scoring is a two-tier process, the technical proposals are evaluated and scored based on a criteria outlined in the RFP. The proposal needs to score 85 or more points to be invited to the oral presentations. The oral presentation is also evaluated based on a criteria outlined in the RFP. The firm that receives the highest score will be recommended to be awarded the contract. Mr. Leavitt stated that the evaluation team would be set up by the Authority, however, as discussed earlier public meeting laws prohibit a sub-committee meeting in closed session that contained more than two Authority members. He suggested that the Authority select two members to participate as

well as bringing experts in this area to evaluate the proposals. Member Tennenbaum suggested that all of the Authority members receive copies of the proposals for review and evaluation and the scores can be compiled, and based on that a determination is made for who gets the contract. Chairman Jordan differed the suggestion to Mr. Spanos. Mr. Spanos introduced his supervisor, Larry Keethe, stating that Mr. Keethe is better versed on the open meeting laws. Mr. Keethe stated that Member Tennenbaum's suggestion would require some research.

Following the lunch break Chairman Jordan stated that after lengthy discussion with the Authority's legal advisors, Mr. Spanos and Mr. Keethe, he has their "commitment that they will look at the issue of the an open meeting or the use of a sub-committee for the evaluation of the oral presentations so that we're not necessarily botched in on either side, but it is a tension that we discussed earlier, and I think it's one that we're all very sensitive to, being fair to the proposers as well as making sure we all participate appropriately in this regard." Chairman Jordan suggested that for the review and evaluation of the technical proposals that a sub-committee be formed consisting of Vice Chair Graveline and Member Bates. Member Epstein inquired if the Authority would be voting on the contract award at the next meeting. Chairman Jordan stated that that was the plan. If it is determined, by legal, that an open meeting can be conducted to hear the oral presentations than another public meeting will be scheduled to hear the presentations. Member Epstein asked if Mr. Leavitt or Mr. Graveline would be contacting the Members if they could participate in the evaluation of the oral presentations. Chairman Jordan responded that all of the Authority members will be kept informed of the developments. Member Tennenbaum stated that seeing though the award of the contract was to be decided at the next public meeting he suggested the Authority conduct the meeting in either Los Angeles or San Francisco, making the meeting more accessible. Member Epstein motioned that the meeting be held in San Francisco, Member Tennenbaum seconded the motion was unanimously approved.

Field Visits

Mr. Leavitt stated that based on the recommendation in the Cambridge Systematics report the Authority should schedule the site visit between September and October. However, the MagLev testing facility will be closed from early August through the beginning of October. Chairman Jordan suggested that the site visit should be scheduled so the Authority could see the MagLev in operation. The Chair requested the Authority members check their calendars for the months of September and October for availability and inform the Authority staff of their schedule. Member Epstein stated that November 3rd was the election. Member Morshed suggested that Mr. Leavitt should contact the MagLev people to obtain their schedule. In regards to the trips to the Far East and the NorthEast Corridor Chairman Jordan directed Mr. Leavitt to check out the schedules of these facilities and their willingness to see the Authority, and report back to the Authority with some idea of a schedule.

PRESENTATION BY FAIR POLITICAL PRACTICES COMMISSION

JEANETTE TURVILL AND DIXIE HOWARD

Ms. Howard presented California's conflict of interest law under the Political Reform Act. Ms. Turvill discussed the qualification rules as they pertain to the conflict of interest laws. Upon conclusion of the presentation Vice Chair Graveline motioned to accept the Notice of Intent to adopt the conflict of interest code, the motion was seconded by Member Fowler and unanimously approved.

PUBLIC COMMENT

Mr. Darwin McClintock

Mr. McClintock thanked Mr. Leavitt for attending and speaking at one of his meetings. Mr. McClintock quoted the enabling legislation and the Cambridge Systematics report regarding the “packaging” of the high speed rail funding measure with other mass transportation projects.

Dan Flannigan

Mr. Flannigan stated that he had called Germany and will be providing Mr. Leavitt with the MagLev test site schedule.

Alan Miller, Train Riders Association of California & Modern Transit Society

Mr. Miller expressed his concerns over using an unproven technology like “MagLev”, the route alignment through the Antelope Valley, the lack of a statewide system integration, and the ecological problems such as land use through the Central Valley. He concluded that there have been talks of a high speed rail system running from Vancouver to Tijuana he suggested the Authority should enter into the discussion when planning the HSR system in California.

Seeing though there were no further comments the meeting was adjourned.